

DEALS WEST

WESTERN CANADA'S CORPORATE TRANSACTION QUARTERLY




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A Busy Summer for Capital West


Q3 2016 Mid-Market M&A Review

A Busy Summer for Capital West




sale to
Yellow Point Equity Partners

- Foley's Candies is the largest chocolate manufacturer in Western Canada and one of the largest in Canada
- Yellow Point is a Canadian based private equity firm focused on investments in Canada and the US Pacific Northwest
- Capital West Partners acted as exclusive financial advisor to Foley's on the transaction



sale to
Evonik Industries

- Transferra provides products and services to life science companies engaged in the development of pharmaceutical products, primarily in the lipid nanoparticle field
- Evonik Industries, headquartered in Essen, Germany, is a global specialty chemicals group with annual sales in excess of \$15 billion dollars
- Capital West Partners acted as exclusive financial advisor to Transferra on the transaction



sale to
Modern Niagara

- Keith Plumbing & Heating is one of the largest mechanical contractors in British Columbia
- Modern Niagara is a national provider of mechanical and electrical contracting, building controls and HVAC services
- Capital West Partners acted as exclusive financial advisor to Keith Plumbing & Heating on the transaction

Q3 2016 Mid-Market M&A Review

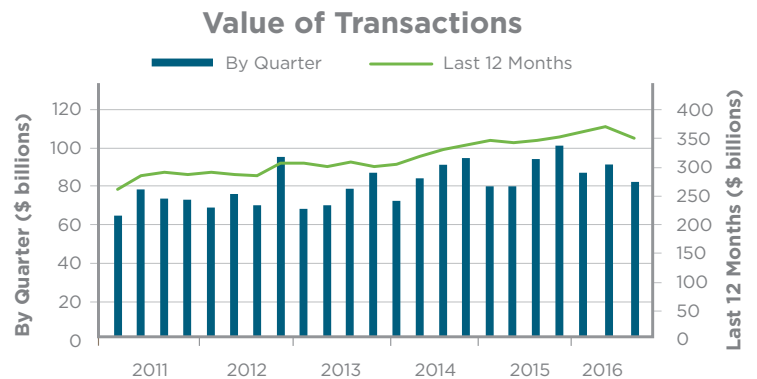
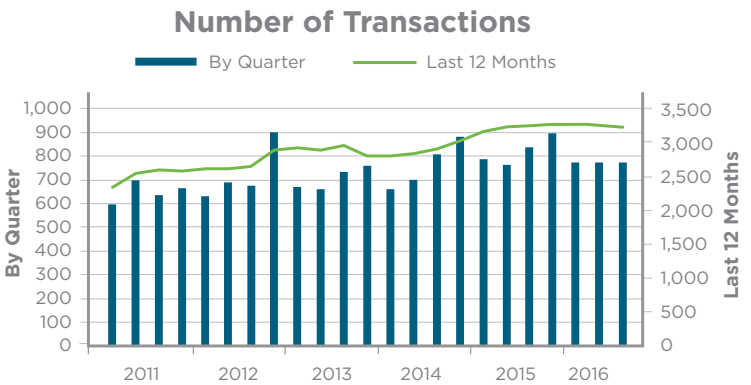
MID-MARKET TRANSACTIONS IN NORTH AMERICA

North American mid-market M&A activity in Q3 2016 decreased 7% by volume (831 deals in Q3 2015 to 774 in Q3 2016) while the total value of transactions decreased by 12% compared to Q3 2015. The decrease in deal value was driven primarily by lower M&A activity in the real estate sector, with an annual decrease of over 4% in the total value of real estate deals.

On a quarter over quarter basis, the number of transactions in Q3 2016 were flat compared to Q2 2016.

On a rolling twelve month basis, M&A activity in the North American mid-market continues at a healthy level, with deal value in the last twelve months totalling over \$360 billion. Overall, transaction activity continues to be driven by low interest rates, substantial capital on the sidelines and modest organic growth opportunities.

MID-MARKET ACQUISITIONS IN NORTH AMERICA (\$25 million - \$500 million)



Mergers & Acquisitions Review (continued)

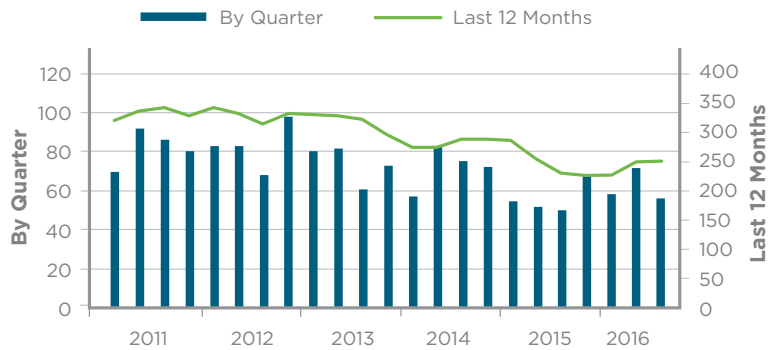
MID-MARKET ACQUISITIONS IN CANADA (\$25 million - \$500 million)

MID-MARKET TRANSACTIONS IN CANADA

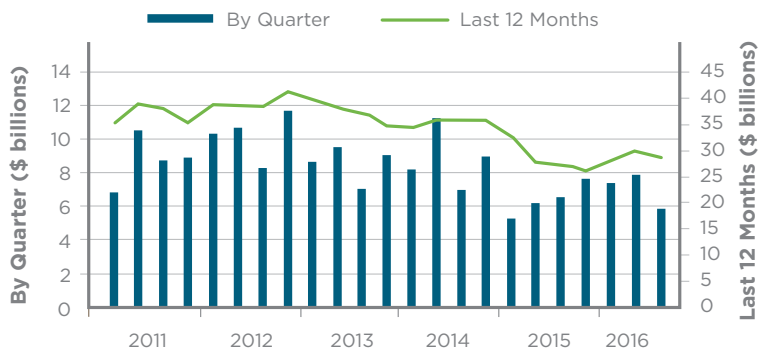
Transaction volume in Canada increased 14% in Q3 2016, while value of transactions declined 13%. Reduced activity in the real estate sector accounted for the majority of the reduction in deal value. Total deal value in the real estate sector decreased from \$1.9 billion in Q3 2015 to \$1.2 billion in Q3 2016.

By industry, M&A activity in the energy, mining, & utilities sector increased 21% on a year over year basis. In addition, deal activity in the healthcare sector almost doubled from \$256 million in Q3 2015 to \$498 million in Q3 2016. The category labelled as "Others", which includes industries such as financials, environmental and facilities services, agricultural products, and trading companies and distributors, also increased by \$750 million during Q3 2016.

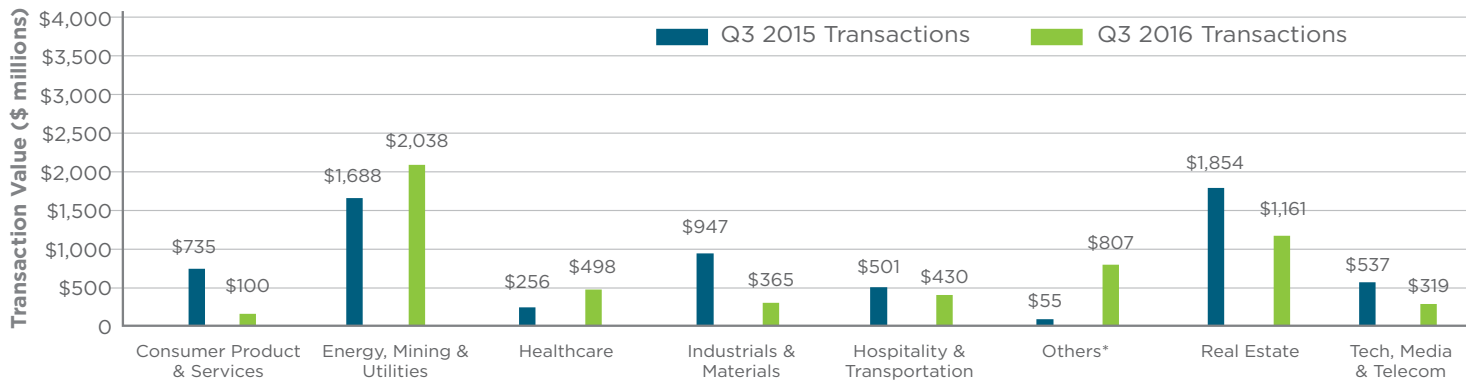
Number of Transactions



Value of Transactions



Q3 2016 vs. Q3 2015 Middle Market Transactions Value (\$millions)



* Other includes Financials, Food & Beverage, Forestry & Paper Products, and Hospitality & Transportation sectors

Mergers & Acquisitions Review (continued)

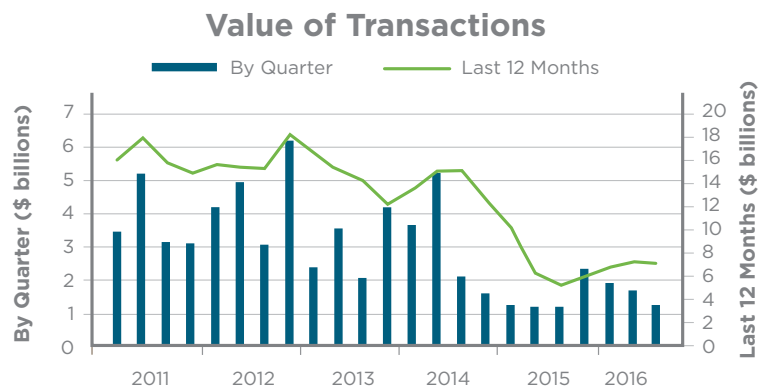
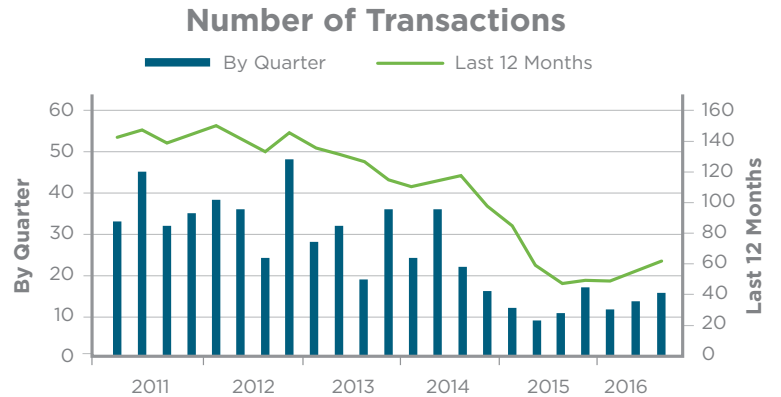
MID-MARKET TRANSACTIONS IN WESTERN CANADA

On a year over year basis, the value of mid-market transactions in Western Canada decreased 4% from Q3 2015 to Q3 2016. However, the number of transactions was significantly higher compared to Q3 2015 (up 45%), driven primarily by a higher level of M&A activity in the energy, mining & utilities sector, as commodity prices continue to improve.

Western Canadian mid-market M&A volume increased 14% in Q3 2016 compared to Q2 2016. Despite this, the total value of deals decreased 28% compared to Q2 2016.

The top ten M&A deals in Canada in Q3 2016 involved only a few industries: energy, mining, & utilities as well as industrials & materials being the largest contributors. A notable deal in the table below from a British Columbia perspective was the acquisition of Whistler Blackcomb Holdings by Vail Resorts, an operator of mountain resorts and urban ski areas in the United States.

MID-MARKET ACQUISITIONS IN WESTERN CANADA (\$25 million - \$500 million)



Top 10 Canadian Deals in Q3 2016

Date	Industry	Target	Buyer	Value (\$mm)
Sep 12	Industrials & Materials	Agrium	Potash Corp. of Saskatchewan	\$ 24,367
Jul 06	Energy, Mining & Utilities	Paramount Resources	Seven Generations Energy	\$ 1,899
Aug 08	Hospitality & Transportation	Whistler Blackcomb Holdings	Vail Resorts	\$ 1,617
Jul 01	Tech, Media & Telecom	TRADER Corporation	Thoma Bravo	\$ 1,575
Jul 14	Energy, Mining & Utilities	Access Pipeline	Wolf Infrastructure	\$ 1,550
Aug 22	Consumer Products & Services	CST Brands	Parkland Industries	\$ 1,250
Jul 10	Energy, Mining & Utilities	Essar Steel Algoma	Ontario Steel Investment	\$ 1,180
Sep 01	Real Estate	4.2 Million Sqare feet of Canadian Office Portfolio	Canada Pension Plan Investment Board	\$ 1,175
Sep 29	Energy, Mining & Utilities	South East Saskatchewan Pipeline System	Tundra Energy Marketing	\$ 1,075
Sep 29	Energy, Mining & Utilities	Newmarket Gold	Kirkland Lake Gold	\$ 943

With a 45% increase in deal activity in Q3 2016 versus 2015, Capital West remains very active and continues to see strong acquisition interest from buyers in North America and internationally.

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